



## **Policy: Supplier Anti-Corruption**

### **Policy No.: 1102-20**

### **Responsible Officer: Senior VP, General Counsel and Secretary**

#### **1.0 Scope**

#### **2.0 Objectives**

2.1 To communicate the expectations we hold for our suppliers regarding Anti-Corruption.

2.2 To establish the requirements for vetting suppliers for Anti-Corruption matters in accordance with applicable laws and regulations prior to signing contracts with the suppliers.

#### **3.0 Definitions**

- OFAC: OFAC is an acronym for The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

- EPLS: EPLS is part of the U.S, Governments System for Award Management (SAM). The EPLS is a centralized database listing individuals or companies debarred, suspended, or otherwise excluded from receiving federal contracts, federally-approved subcontracts, or certain types of federal financial and non-financial assistance and benefits. In 1989, Executive Order 12689 stated that entity debarments or suspensions from procurement with one agency would have government-wide effect. General Services Administration authority for operating the EPLS is found in Federal Acquisition Regulation Subpart 9.4. Suspensions are temporary exclusions pending the outcome of an investigation, while debarments last for a set number of years and are instituted after all the facts are known.

#### **4.0 Policy**

##### **4.1 Expectations for Suppliers Regarding Anti-Corruption**

###### **4.1.1 Anti-Corruption Laws**

Our suppliers must comply with the anti-corruption laws, directives and/or regulations that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. We require our suppliers to refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. Personal safety payments are permitted where there is an imminent threat to health or safety. Our suppliers must be aware that in some countries, commercial enterprises are often owned or controlled by the government. Employees of such state-run enterprises could fall under the definition of “government officials” and payments to them could be considered bribery under the U.S. Foreign Corrupt Practices Act or other anti-corruption laws. We expect our suppliers to exert due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of consultants.

#### **4.1.2 Illegal Payments**

Our suppliers must not offer any illegal payments to, or receive any illegal payments from, any customer, supplier, their agents, representatives or others. The receipt, payment, and/or promise of monies or anything of value, directly or indirectly, intended to exert undue influence or improper advantage is prohibited. This prohibition applies even in locations where such activity may not violate local law.

#### **4.1.3 Anti-Trust**

Our suppliers must not fix prices or rig bids with their competitors. They must not exchange current, recent, or future pricing information with competitors. Our suppliers must refrain from participating in a cartel.

#### **4.1.4 Gifts/Business Courtesies**

We expect our suppliers to compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage. In any business relationship, our suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient’s organization, and are consistent with reasonable marketplace customs and practices.

#### **4.1.5 Insider Trading**

Our suppliers and their personnel must not use material, non-publicly disclosed information obtained in the course of their business relationship with us as the basis for trading or for enabling others to trade in the securities of our suppliers, customer or competitors.

### **4.2 Vetting Suppliers for Anti-Corruption Matters**

4.2.1 Corporate Purchasing will be the single point of contact for vendor set up in SAP. The Purchasing function will verify that suppliers and subcontractors who are involved with government contracts are not identified on the U.S. Governments OFAC and EPLS lists. The Company will also comply with any other such list published by relevant authorities in the countries where we do business where practical.

4.2.2 In addition, for D&Z’s Munitions and Government (DZMG) business, for any purchase of non-commercial goods over \$30,000 the buyer will verify through a third party, that the vendor is not listed on any of the U.S. Government’s “do not use” list. Per FAR 9.409.

4.2.3 The Procurement Organization will issue an annual communication to the Company's suppliers to reiterate the requirements for suppliers to conform to the Company's anti-corruption policies. The suppliers will also be reminded that failure to comply may result in loss of business.

4.2.4 Possible reasons for the Company to suspend a supplier include:

- a) Commission of fraud or criminal offense in obtaining or performing a contract
- b) Violating antitrust laws related to the submission of offers
- c) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal criminal tax laws, or receiving stolen property
- d) Intentionally using a false "Made in America" label
- e) Violations of the Drug-Free Workplace Act of 1988
- f) Committing unfair trade practices
- g) Any action indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of a government contractor

## **5.0 Responsibilities**

5.1 The Company's Procurement organizations are responsible for ensuring that the suppliers they source are vetted in accordance with the requirements of this policy and that these suppliers understand the Company's expectations regarding Anti-Corruption as described in Section 4.1 above.

## **6.0 Related Policies**

- Policy 1102 - Purchasing and Materials Management
- Policy 1102-01 - Hiring of Consultants and Outside Professional Services
- Policy 1102-06 - Company Cars
- Policy 1102-08 - Sale or Disposal Of Company Assets
- Policy 1505 - Compliance with Laws/Regulations Governing Imports/Exports
- Policy 1504 - Foreign Corrupt Practices Act Compliance